

Message Text

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PAGE 01 COLOMB 02175 011310Z

47

ACTION NEA-16

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04 PRS-01

USIA-15 EUR-25 DRC-01 /193 W
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R 011130Z AUG 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 1425

INFO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE COLOMBO 2175

EO 11652: N/A

TAGS: ENRG, IN, CE

SUBJ: OIL EXPLORATION IN SRI LANKA

REF: A) DELHI 10003; B) STATE 162362 (NOTAL) C)
COLOMBO 2092 (NOTAL) D) COLOMBO 1449

1. BOUNDARY AGREEMENT TEXT, HERE PUBLISHED SO FAR ONLY IN NEWSPAPERS, IS SAME AS EXTRACT GIVEN REF A ALTHOUGH FOR SOME REASONS PLACE NAMES "ADAM'S BRIDGE TO PALK STRAIT" ARE REVERSED TO READ "PALK STRAIT TO ADAM'S BRIDGE." ONLY FURTHER SOLID DATA OF POSSIBLE USE TO INQUIRING US OIL COMPANIES COMES FROM GSL PUBLISHED MAP. IN ADDITION TO COORDINATES IT GIVES BOUNDARY LINE DISTANCES IN NAUTICAL MILES AS FOLLOWS: FROM POSITION 1 TO 2: TWENTY-NINE POINT TWO; FROM POSITION 2 TO 3 TWENTY-ONE POINT ONE; FROM POSITION 3 TO 4; TWENTY POINT FOUR; FROM POSITION 4 TO 5: NINE; FROM POSITION 5 TO 6: SEVEN POINT ONE. TOTAL DISTANCE: EIGHTY-SIX POINT EIGHT. WE WILL AIR POUCH MAP.

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PAGE 02 COLOMB 02175 011310Z

2. ON PRECISE MANNER IN WHICH TWO COUNTRIES WOULD DETERMINE

METHODS OF EXPLORATION, EXPLOITATION, AND ALLOCATION OF RESOURCES STRADDLING LINE WE AGREE WITH PARA 4, REF A THAT MATTER NOT ADDRESSED SO FAR. IN HER JULY 23 PRESENTATION OF AGREEMENT TO PARLIAMENT PM ADDED LITTLE TO FORMAL LANGUAGE, SAYING PROVISION HAD BEEN MADE TO AGREE ON "METHOD OF MOST EFFECTIVE EXPLORATION, WHERE PETROLEUM OR MINERAL DEPOSIT IS FOUND TO EXTEND FROM ONE SIDE OF BOUNDARY TO OTHER."

3. ON ADVISING US COMPANY REPS, INFO OBTAINED BY MACMURRAY/ZAPATA (REF C) SHOULD BE CONSIDERED PRIVILEGED. HOWEVER, FACTS THAT GSL VIA CPC IS WILLING TO ENTERTAIN OFF-SHORE PROPOSALS; THAT SOVIET PALK-MANNAR DRILLING IS UNDER NON-EXCLUSIVE SERVICE CONTRACT, AND THAT GSL IS TALKING ACTIVELY TO CANADIAN FIRM ARE PUBLIC AND CONFIRMED BY CPC TO EMBASSY. WE RECOMMEND INQUIRING COMPANIES BE TOLD THAT BEST WAY TO DETERMINE RECEPTIVITY TO EXPLORATION PROPOSALS, OFF SHORE AREAS AVAILABLE, AND POSSIBLE TERMS IS FOR AUTHORIZED, FAIRLY SENIOR, REP TO COME AND TALK TO CPC IN COLOMBO.

4. MEANWHILE PROGRESS OF SOVIET STRATIGRAPHIC WELL AT PESALAI, MANNAR ISLAND HAS REAPPEARED IN LOCAL PRESS. JULY 23 CEYLON DAILY NEWS ARTICLE QUOTED CEYLON PETROLEUM CORP (CPC) CHAIRMAN COOMARASWAMY AS SAYING THAT DRILLING HAD REACHED BASE LEVEL; THAT ALL ANTICIPATED LAYERS HAD BEEN STRUCK AND THAT CORES WERE BEING STUDIED. HE ADDED THAT CPC WAS AWAITING ONE "PROFESSOR A. KALININ, A SOVIET PETROLEUM EXPERT" TO STUDY SAMPLES. ARTICLE SAYS KALININ SELECTED PESALAI DRILL SITE. ON JULY 31, TWO NEWSPAPERS QUOTE INDUSTRIES MINISTER SUBASINGHE TO EFFECT THAT PESALAI WELL HAS SHOWN POSITIVE INDICATIONS BECAUSE "OIL HAS SPILLED INTO TEST WELL FROM SURROUNDING AREAS--." HE ADDED THAT IN COURSE OF DRILLING NUMBER OF POSSIBLE OIL BEARING SEDIMENTARY LAYERS WERE DISCOVERED; THAT GAS AND BITUMEN WERE FOUND, THAT HAVING REACHED BASEMENT AT TWO THOUSAND SIX HUNDRED METRES, PREPARATIONS WERE BEING MADE FOR LATERAL EXPLOSIONS; AND THAT SAMPLES OF CRUDE WERE BEING SENT TO CPC REFINERY FOR ANALYSIS. CEYLON DAILY MIRROR HEADLINE "GOVT STRIKES OIL AT PESALAI" OVER ARTICLE MAY AGAIN LIMITED OFFICIAL USE

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PAGE 03 COLOMB 02175 011310Z

EXCITE INTERNATIONAL PRESS INTEREST (SEE REF E) BUT COOMARASWAMY AND SUBASINGHE STATEMENTS CLEARLY CONVEY ONLY PRELIMINARY ALBEIT EVIDENTLY ENCOURAGING RESULTS. BYRNE

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